

# **EXHIBIT “1”**



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Mr Urs Linsi  
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P.O. Box  
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Berlin, July 8, 2006

## **2006 FIFA World Cup Germany™**

Dear Mr Linsi,

### **1 Introduction and report distribution**

As part of our mandate to FIFA you have requested us to investigate the allegations made on 20 June 2006 by Antonio Gallicchio (“Gallicchio”) managing director<sup>1</sup> of GTU Travel AG, Basel, Switzerland (“GTU”) in respect of 2006 FIFA World Cup Ticketing at a meeting held at the Intercontinental Hotel in Berlin.

This report is for the confidential use of FIFA and should not be distributed to third parties without our written agreement.

### **2 Background**

#### **2.1 Introduction**

The meeting of 20 June 2006 was held at the request of Gallicchio who had presented himself at the Intercontinental Hotel asking to speak to FIFA on ticketing matters. Gallicchio was referred to the FTO<sup>2</sup> who in turn contacted Ernst & Young.

At the meeting Gallicchio made statements to the FTO in the presence of Ernst & Young (in attendance at the request of the FTO) that he had purchased 100 tickets from Kick Sports Inc Florida (“Kick Sports”) for each of the matches 30 (TOG:SUI – 19Jun06) and 46 (SUI:KOR– 23Jun06), and that **Kick Sports had made an initial delivery of 20 tickets for Match 30 and then on 14 June 2006 Kick Sports picked up the remaining 80 tickets for Match 30 and all 100 of the tickets for Match 46 directly from someone at the FIFA Headquarters.**

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<sup>1</sup> Geschäftsführer

<sup>2</sup> FTO: FIFA Ticketing Office

Gallicchio stated that he had entered into a contract with Kick Sports to obtain tickets for six matches for the 2006 FIFA World Cup Germany™. He confirmed that he had received 100 tickets for each of the matches 30 (TOG:SUI – 19Jun06) and 46 (SUI:KOR– 23Jun06) but that Kick Sports had failed to deliver the other tickets ordered (Matches 13 (FRA:SUI – 13Jun06) and second round matches 49, 51 & 60), resulting in GTU having to find alternative sources for the tickets that he required for his clients at considerable additional expense to his company.

At two additional meetings held at the offices of GTU in Basel Switzerland with representatives of Ernst & Young on 27 & 28 June 2006, Gallicchio provided details of bank payments between GTU and Kick Sports and provided a written confirmation in connection with four specific Match 46 tickets (which he had a copy of) that they were part of a consignment of 100 tickets purchased from Kick Sports. In addition he provided customer data (incomplete) for these 100 tickets.

### **3 Executive Summary**

The following is a high level overview of the key matters, findings and conclusions. Detailed supporting information is attached in this report in the following sections.

#### **3.1 Facts and findings**

- ⟨ On 20 June 2006 Mr Antonio Gallicchio (“Gallicchio”) managing director of GTU Travel AG presented himself at the Intercontinental Hotel in Berlin and requested to meet FIFA on ticketing matters. He was referred to the FTO by the Hotel. At the FTO’s request, in view of Ernst & Young’s mandate on ticketing matters, a representative of Ernst & Young also attended the meeting.
  - Gallicchio claimed that he has received 100 tickets for Match 30 (played on 19 June 2006) and a further 100 tickets for Match 46 (to be played on 23 June 2006) from Kick Sports and that **Kick Sports in turn has sourced 180 of these tickets directly from the FIFA Headquarters on 14 June 2006.**
  - Gallicchio showed one of the tickets that he had received for Match 30.
- ⟨ Ernst & Young was requested to review this matter as part of the mandate on the ticket sales process of the 2006 FIFA World Cup.
- ⟨ The details of the ticket presented by Gallicchio were matched to customer reference 201498572 (identified by the FTO as Mr Jack Warner). Orders under this customer reference include 80 tickets for Match 30 and 100 tickets for Match 46 (the same number Gallicchio claimed to have received from Kick Sports). These tickets were all printed on 14 June 2006.
- ⟨ On 14 June 2006 Daryan Warner (son of Mr Jack Warner) collected an order of tickets that includes 100 tickets for Match 46 from the FTO in the Intercontinental Hotel in Berlin (orders 14158180 and 14158700).

- ⟨ On 14 June 2006 in an email that Gallicchio received from Howard Schwartz's assistant it is stated that Howard [Schwartz]<sup>3</sup> is in the "FIFA Headquarters". (email provided by Gallicchio)
- ⟨ On 14 June 2006 Kick Sports (Howard Schwartz) sent a FedEx package including 80 tickets for Match 30 and 100 tickets for Match 46 from Berlin to GTU in Switzerland (according to oral statements from Gallicchio and copy of the FedEx AirWay Bill).
- ⟨ Ernst & Young performed additional validation procedures in connection with 33 tickets for Match 46 (SUI:KOR- 23Jun06 - Hanover), relating to the orders 14158180 and 14158700 which were reprinted prior to the match 46. As a result of the reprint of tickets, the original tickets provided to the fans for the seats concerned were invalidated and had to be replaced at the stadium prior to the match. As part of the process of printing replacement Tickets, fans must complete an information questionnaire if customer data had not been previously provided. Ernst & Young reviewed the information questionnaires provided by the customers in so far as it related to tickets replaced under order 14158180 (80 tickets Category 1) and 14158700 (20 Tickets Category 2). Of the order 14158180 16 written questionnaires were completed by fans on entering the Hanover stadium for Match 46, seven of which specifically referred to GTU as the provider of tickets/transport; of the order 14158700 six questionnaires were completed all referred to a Swiss Travel Company in Basel (not GTU).
- ⟨ On 28 June 2006 Gallicchio provided Ernst & Young with a signed statement which includes a specific confirmation in respect of four tickets that he has photocopied confirming that they are part of the order of 100 tickets for Match 46 delivered directly from Kick Sports. Two of these tickets had been amongst those replaced at the Hanover stadium prior to Match 46 and provided to Ernst & Young on 20 June 2006 but had not listed GTU as the provider indicating that GTU had further distributed certain tickets. He also provided a photocopy of two additional tickets for Match 46 after having provided the statement.
- ⟨ A combination of seven written statements from individual fans, four tickets specifically identified by Gallicchio in his statement and other GTU tickets identified through other procedures resulted in a total of 15 GTU tickets being identified from order 14158180, a further 11 written statements from individual fans identified other Swiss travel companies as ticket providers from orders 14158180 and 14158700.
- ⟨ On 28 June 2006 Gallicchio provided Ernst & Young with customer data (incomplete) for Match 46. Two of the names listed in the customer data provided by GTU matched data provided by two fans at the Hanover stadium on obtaining replacement tickets.
- ⟨ Gallicchio also provided copies of Kick Sports invoices, emails and GTU bank payment details that demonstrate that he paid EUR 400 per ticket for 100 tickets for each of matches 30 and 46; a total of EUR 80,000 being a premium of EUR 300 per ticket or EUR 60,000 in total over face value for Category 1 tickets.

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<sup>3</sup> President of Kick Sports

- ⟨ 04 July 2006 the FTO invoiced Mr Jack Warner for payment request 20605 with customer reference 201498572 which includes 100 tickets for Match 46.
- ⟨ 08 July 2006 Mr Jack Warner signed a credit card payment authorisation form for payment request number 20605.

### **3.2 Conclusion**

- ⟨ On the basis of the above facts, we can confirm that from the procedures performed we have identified 15 specific tickets for match 46 for which the tickets were part of the orders for customer 201498572 (Mr Jack Warner) that were picked up by Daryan Warner on 14 June 2006 and which were provided to GTU for its customers on 20 June 2006 which tickets had been purchased at a premium on face value.
- ⟨ On the basis of the oral and written statements of Gallicchio, consideration of the location of the positions of the reprinted seats and the 15 GTU tickets identified, either by individual written statements by the fans concerned or by other means (see 6.3) it is reasonable to conclude that a significant proportion of the 100 tickets ordered for customer 201498572 were sold by Kick Sports to GTU at premium to face value.
- ⟨ The transfer of tickets or the re-sale without the prior approval of the OC and for a resale above face value are breaches of the 2006 FIFA World Cup Germany™ Ticketing General Terms and Conditions and the FIFA General Secretariat Ticketing Constituent Groups Regulations relating to tickets respectively.

## **4 Documents provided by Gallicchio**

### **4.1 Documents presented at 20 June 2006 meeting in Berlin**

Gallicchio showed the following documents at the meeting:

Ref	Documents	Details as listed in
a)	An original ticket for Match 30 (TOG:SUI – 19Jun06)	Appendix 1
b)	An email dated 14 June 2006 in which reference is made that “Howard” [Schwartz] is in the FIFA Headquarters	Appendix 2
c)	An invoice from Kick Sports together with a second invoice with no letterhead	Appendix 3

**4.2 Documents provided to Ernst & Young on 27 & 28 June 2006**

Gallicchio provided Ernst & Young with the following documents at the meetings in the GTU offices in Basel on 27 & 28 June 2006:

Ref	Documents	Details as listed in
d)	Copies of the two invoices from Kick Sports	Appendix 3
e)	Original copy of FedEx international Air Waybill with tracking number 8580 7564 7662 from ID 0405 addressed from Howard Schwartz, Hotel Concord, Berlin to Gallicchio, GTU dated 14 June 2006	Appendix 4
f)	Details of money transfers from GTU to Kick Sports and Kick Sports to GTU together with an email of 18 June 2006 from Howard Schwartz of Kick Sports to GTU	Appendix 5
g)	Incomplete details of Customer data for the Match 46	n/a
h)	Written statement of Gallicchio dated 28 June 2006 together with a copy of four match tickets for Match 46 (SUI:KOR), that confirmed that he had received from Kick Sports as part of a consignment of 100 tickets for this match	Appendix 6a & 6b
i)	A copy of two match tickets for Match 46 (SUI:KOR)	Appendix 6c

**4.3 Allegations made****4.3.1 Ticket details****Match 30**

Gallicchio stated that 20 of the tickets that he had received from Kick Sports for Match 30 (TOG:SUI) carried the name of the Football Federation of Grenada and that the remaining 80 Tickets all carried the same ticket name and reference (FIFA/ “- -”) as the original presented to FTO and Ernst & Young at the meeting of 20 June 2006 (see Appendix 1). **He claimed that the 80 tickets had been directly sourced by Kick Sports from someone at the FIFA Headquarters.**

**Match 46**

Gallicchio stated that he had received 100 tickets from Kick Sports for Match 46 (SUI:KOR) which carried name and reference (FIFA/ “- -”), the same as the original presented for Match 30 at the meeting of 20 June 2006 (see Appendix 1). **He claimed that the 100 tickets had been directly sourced by Kick Sports from someone at the FIFA Headquarters.**

**4.3.2 Source of tickets to GTU**

Gallicchio stated he had initially received the 20 tickets for Match 30 (printed Football Association of Grenada) and then received the additional 80 tickets for Match 30 together with 100 Tickets for Match 46 by courier (FedEx) sent to him on 14 June 2006 from Howard Schwartz

of Kick Sports who had in turn picked up the tickets up on the same day from the FIFA Headquarters.

This oral statement was supported by:

- An email from an employee of Kick Sports to GTU stating that “Howard”[Schwartz] was in the FIFA Headquarters on 14 June 2006 (Appendix 2)
- An original copy of the FedEx Airway Bill from Howard Schwartz to Gallicchio (Appendix 4)
- The Kick Sports invoices provided (Appendix 3)
- An email from Howard Schwartz to Gallicchio setting up the final statement of account between Kick Sports and GTU which resulted in a refund to GTU (Appendix 5).

No written support was provided for the statement that 20 of the tickets for Match 30 bore the reference Football Association of Grenada.

#### **4.3.3 Cost of tickets to GTU**

Gallicchio stated that he had paid EUR 400.00 (EUR Four hundred) for each of the 200 tickets that he had received from Kick Sports for which he had previously been invoiced i.e. a total of EUR 80,000.

This statement was supported by

- The Kick Sports invoices provided (Appendix 3)
- The bank transfers made to and received from Kick Sports (Appendix 5)
- An email from Howard Schwartz setting up the final account between Kick Sports and GTU which resulted in a refund to GTU (Appendix 5)

The total cost to GTU for the 200 tickets for matches 30 and 46 is the result of initial payments made by GTU to Kick Sports (for invoices received from Kick Sports) net of refunds from Kick Sports to GTU for tickets not delivered or for which Kick Sports cancelled the invoice. A detailed reconciliation together with the related bank statements is provided in Appendix 5.

#### **4.3.4 Return of unused tickets for Match 30 by GTU to Kick Sports**

Gallicchio claimed that due to the failure of Kick Sports to provide any tickets for Match 13 (FRA:SUI) he took steps to acquire tickets for Match 30 from other sources (i.e. not Kick Sports) prior to receiving the tickets from Kick Sports and as a result he had more tickets for Match 30 than the 100 that he needed. He informed Ernst & Young that following a meeting he had with Howard Schwartz on 21 June 2006 (two days after the match concerned) he gave back the unused tickets to Howard Schwartz.

As he had returned the unused tickets, he could not provide Ernst & Young with the original ticket presented at the meeting of 20 June 2006 in Berlin.



## **5 Findings**

### **5.1 Ticket orders**

The detail of the ticket presented at the 20 June 2006 meeting was traced by the FTO to customer reference 201498572. The ticket is traceable by means of a unique bar code number.

We requested details from the FTO of all tickets ordered under this customer reference number. The details are shown in Appendix 7.

All tickets listed in Appendix 7 with an order number (e.g. 14168180) were printed on 14 June 2006. The two orders (for a total of 36 tickets) for matches 20 & 25 without an order number were supplied from tickets already printed. Included in the ticket orders listed are 80 tickets for Match 30 (order 14158627 and 14157974) and 100 tickets for Match 46 (order 14158180 and 14158700); this is the same quantity of tickets as Gallicchio stated that he received by courier from Kick Sports (sent to him on 14 June 2006).

**The tickets listed were the result of a larger order which is also included in Appendix 7 (Appendix 7: pages 2&3), however according to FTO records only those orders listed on the first page of Appendix 7 were fulfilled. An additional order dated 23 June 2006 for 1,245 tickets for the second round matches that was sent from Mr Jack Warner to the FTO is also attached in Appendix 7 (Appendix 7: pages 4&5), this order was not fulfilled.**

### **5.2 GTU Payment details:**

On the basis of the invoices and bank statements together with the email provided by Gallicchio (see Appendix 5), GTU made net payments of EUR 80,000 (EUR eighty thousand) representing payments of EUR 400 for 200 tickets, a premium of EUR 300 on each first round category 1 ticket, or a total premium of EUR 60,000 above face value.

### **5.3 Confirmation by Gallicchio**

On 28 June 2006, Gallicchio provided Ernst & Young with a signed statement in connection with the tickets received for Match 46; this statement is attached in Appendix 6. The statement was obtained in German (Appendix 6a), a free translation to English is provided in Appendix 6b.

Attached to the statement is a copy of four tickets that Gallicchio confirms he received as part of a consignment of 100 tickets from Kick Sports. Two of these tickets were identified in the additional procedures referred to in section 6 below. The other two (Block W5, Row 7, Seats 19&20) add to the total number of tickets from the order 14158180 being supplied to GTU.

In addition after providing the statement he provided a copy of two additional tickets that he stated had been used by his tour operators (Block W5, Row 4, Seats 14&15). These tickets are included in Appendix 6c.



## **6 Additional verification procedures**

Some 33 tickets relating to the orders 14158180 and 14158700 were reprinted prior to Match 46, as a result the original tickets provided to the fans for the seats concerned were invalidated and had to be replaced at the stadium prior to the match. As part of the process of providing replacement Tickets, fans must complete an information questionnaire if customer data had not been previously provided and must surrender the original ticket. Ernst & Young reviewed the information questionnaires provided by the fans together with the original tickets replaced under order 14158180 and 14158700.

The results of the review are detailed below:

### **6.1 Tickets under order 14158180**

For customer information questionnaires completed by the fans entering the Hanover stadium for Match 46, for tickets related to this order and handed over to the FTO, 16 questionnaires were completed by fans on entering the Hanover stadium for Match 46, 7 specifically referred to GTU provider used.

An example of one of the completed customer data questionnaires together with the related ticket is attached in Appendix 8.

In addition the statement made by Gallicchio (Appendix 6a) specifically identifies two tickets that he received (Block W5, Row 5, Seats 1&2) from Kick Sports. The ticket holders of these tickets however stated at the Hanover stadium that tickets had been provided by another company, indicating that GTU had also further distributed some of the tickets. Therefore the absence of a reference to GTU in a customer response does not exclude the possibility that GTU received the tickets and redistributed them.

In addition there is a positive match between the information provided by two of the fans holding tickets from order 14158180 to the customer data information for Match 46 provided to Ernst & Young by GTU.

Copies of four of the original tickets checked from the fans at the Hanover stadium are attached in Appendix 9. Two of these tickets are identical to two tickets covered by the statement made by Gallicchio (Appendix 6) that he had received these tickets from Kick Sports. Information provided by the fans for the second two tickets listed in Appendix 9, matched to the customer data for the same match provided to Ernst & Young by Gallicchio.

Two other tickets (Block W5, Row 7, Seats 17&18) were exchanged without the completion of customer data questionnaires; however these two customers also stated that they had obtained their tickets from GTU.

### **6.2 Tickets under order 14158700**

The customer information questionnaires completed by the fans requiring a replacement ticket all identified another Swiss travel company in Basel as the immediate source of tickets.

**6.3 Summary of tickets identified for GTU and other Swiss travel companies**

The following is a summary of GTU tickets identified in orders 14158180 and 14158700:

Tickets covered by statement of Gallicchio (see 5.3)	4
Additional copies received from Gallicchio (see 5.3)	2
Written statements from customers at Hanover stadium (see 6.1)	7
Tickets exchanged without full customer data questionnaire (see 6.1)	2
Total	15

The following is a summary of tickets with other Swiss agents:

Written statements from customers at Hanover stadium (see 6.1 & 6.2)	11
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A graphical depiction of these seats is attached in Appendix 10.

**6.4 Customer questionnaires**

In addition to the four original tickets in Appendix 9, Ernst & Young is in possession of a further 18 original tickets collected at the stadium as part of ticket replacement process, all of which relate to the tickets provided under the customer reference 201498572.

**7 FTO Customer information****7.1 Customer reference 201498572 and ticket payment**

We have been informed by the FTO that customer reference 201498572 relates to Mr Jack Warner, Vice President of the FIFA Executive Committee. Note that due to the nature of the FWCTC ticketing system used for last minute sales it is possible for FTO customers to have more than one customer reference.

A copy of the payment report request 20065 identifying Mr Jack Warner as covered by customer number 201498572 is attached in Appendix 11. On 08 July 2006 Mr Jack Warner signed a credit card payment authorisation form for payment request number 20605 covering the tickets listed in Appendix 7 page 1.

**7.2 Receipt for tickets**

We have been informed that the tickets covered by the orders listed in the above invoice were collected by Daryan Warner (the son of Mr. Jack Warner), on 14 June 2006 at the FIFA Headquarters in the Intercontinental Hotel.

A copy of the receipt signed by Daryan Warner dated 14 June 2006 is attached in Appendix 12.

## **8 Kick Sports**

From other procedures performed in connection with the 2006 FIFA World Cup Germany™, Kick Sports has been identified as a business partner of Simpaul Travel Services.

In view of the clear link of the tickets printed for Customer 201498572 and the tickets received by GTU and the absence of any contractual relationship between FIFA and Kick Sports, Ernst & Young have not made any inquiries to Kick Sports in connection with this matter.

## **9 Mr Jack Warner**

The matters raised in this report have not been discussed with Mr Jack Warner or Daryan Warner.

## **10 2006 FIFA World Cup Germany™ Ticketing General Terms and Conditions and 2006 FIFA World Cup Germany™ FIFA General Secretariat Ticketing Constituent Groups Regulations relating to Tickets**

The Ticketing General Terms and Conditions permit the transfer of tickets to third parties with the prior approval of the OC. See extract in Appendix 13.

We have been informed by the FTO that no request to transfer the tickets to third parties for the tickets for orders 14158180 and 14158700 has been made.

The FIFA General Secretariat Ticketing Constituent Groups Regulations relating to Tickets specifically state that "...Tickets may not be resold for a higher price than the Face Value of the Ticket"; see extract in Appendix 13.

## **11 Conclusion**

On the basis of the work performed we can confirm that the allegations made by Gallicchio to FIFA at a meeting held at his request, that he had bought tickets in the secondary market directly sourced from Kick Sports and **that Kick Sports in turn had sourced a large proportion of these tickets from the FIFA Headquarters** have been substantiated by the procedures performed by Ernst & Young.

On the basis of the oral and written statements of Gallicchio, consideration of the location of the positions of the reprinted seats and the 15 GTU tickets identified, either by individual written statements by the fans concerned or by other means (see 6.3) it is reasonable to conclude that a significant proportion of the 100 tickets ordered for customer 201498572 were sold by Kick Sports to GTU at premium to face value.

The bank records of GTU and email information provided by Gallicchio support the statement that GTU paid EUR 400 per ticket or a total of EUR 80,000 for 200 Category 1 tickets for matches 30 & 46, representing a premium of EUR 300 over face value for Category 1 tickets (i.e. a total premium of EUR 60,000 for Category 1 tickets).



As a result of the above procedures performed by Ernst & Young and specifically via the tracing of the tickets delivered for orders 14158180 and 14158700 under customer reference 201498572 (Mr Jack Warner) by means of the unique ticket bar code number we can confirm that 15 of these tickets were sold by GTU to end customers (who gave written statements in this respect or for which the tickets were identified by other means) and that GTU had purchased these tickets at a premium to face value.

A copy of the payment report request 20605 identifying the customer reference 201498572 as Mr Jack Warner is attached in Appendix 11 together with the credit card payment authorisation signed by Mr Jack Warner on 08 July 2006 which specifically relates to payment report 20605 and includes the ticket orders 14158180 and 14158700 for Match 46 covered by this report.

**Based upon the above facts, we can confirm that tickets included in orders 14158180 and 14158700 under customer reference 201498572 (Mr Jack Warner) were transferred or resold into the secondary market in breach of the 2006 FIFA World Cup Germany™ Ticketing General Terms and Conditions.**

Further tickets were requested for the second round of the 2006 FIFA World Cup as listed in the order in Appendix 7 (Appendix 7 pages 2&3) and email (Appendix 7 pages 4&5) but were not fulfilled.

We would be pleased to respond to any questions you may have on this report.

Yours sincerely  
Ernst & Young Ltd

Peter Coats

Thomas Stenz